



FINANCE

EMC Reviewed: October 16, 2012
Policy Council Review: First Reading February 6, 2013
Board Approved: April 23, 2013 BM # 21; 2012- 2013

NAME: ENDOWMENT POLICY

PURPOSE/PHILOSOPHY

The purpose of this policy is to ensure responsible administrative and financial management of endowments held by Great Plains College. As the fundraising needs of Great Plains College grow, endowments provide the opportunity to create a sustainable source of revenue for various priority areas. The Endowment Policy will ensure that we balance the needs of the institution with the wishes of our donors.

RELATIONSHIP WITH COLLECTIVE AGREEMENTS

Not applicable.

DEFINITIONS

Endowment – A permanently restricted net asset, the principal of which is protected and the income from which may be spent and is controlled by either the donor's restrictions or the Great Plains College Board of Directors.

Gift Agreement – Document representing an agreement between a donor and Great Plains College, and formalizes the guidelines for awarding and distributing an endowed scholarship fund.

Rolling Average - A series of successive averages of a defined number of variables

Market Value - The current quoted price at which investors buy or sell a share of common stock or a bond at a given time. Also known as "market price".

Investment Manager – Individual chosen by the Great Plains College Board of Directors who will oversee the day-to-day management of the invested endowment funds.

ESTABLISHMENT OF ENDOWED SCHOLARSHIPS

1. A minimum of \$50,000 is required to establish an endowed scholarship.
2. Endowments shall have a written agreement in place between the donor and Great Plains College.
3. All criteria for endowed scholarships or bursaries must be outlined prior to approval and acceptance by the College.
4. Guidelines must be flexible enough to alleviate any potential difficulties, which would make it impossible to administer the scholarship or bursary in any one year.
5. Donors are not allowed to choose recipients unless the College provides the donors with a list of acceptable recipients.



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WRITTEN AGREEMENTS

Endowments shall have a written agreement in place between the donor and the College. Criteria include:

- Specific guidelines detailing the purpose of the endowment
- Specific agreement on how the principal of the endowment will be provided to the College
- Direction on how the investment income generated from the endowment is to be used
- Parameters for selecting scholarship recipients and a default criteria
- A method for gaining the approval of any changes in the endowment guidelines in the event of changes in circumstances which make it impractical to continue to use income from the endowment for the designated purpose. Amended terms shall adhere as closely as possible to the donor(s) original intent for this fund.

INVESTMENT AND SPENDING GUIDELINES

All endowments shall be managed in accordance with the Statement of Investment Policy (IPS) of Great Plains College. In accordance with the IPS, the economic value of the endowments will be protected by limiting the amount of investment income that may be spent to 3.5% of the 4 year rolling average market value of the principle gift. Investment income earned in excess of this amount may be added to the endowment principal. In the event earnings are not sufficient to maintain the 5% rolling average, payments will be decreased accordingly. Under no circumstances will the original principal be spent, unless authorized by the Board of Directors in accordance with the terms of the Gift Agreement.

Investment fees charged by the Investment Manager (as approved in accordance with the College's Investment Policy) will be deducted from the earnings of the endowment fund. The College will not allocate any of its other administrative costs to the endowment fund.

The Director of Development is responsible for ensuring the continued use of the income according to the specified donor guidelines.

If, as a result of changed conditions in the future, the income from an endowment fund shall not be needed for the purposes set forth in a gift agreement, the Great Plains College Board of Directors is able to authorize use of the income for such other purposes as nearly as possible akin to the original purpose, which in its judgment will help advance the mission of Great Plains College and honors the will of the donor.